

The Irongate Group Limited

Annual Report and Financial Statements

Period Ended

29 December 2019

Company Number 02566762



The Irongate Group Limited

Company Information

Directors	R Coulson D Roe
Registered number	02566762
Registered office	Daughters Court Silkwood Park Wakefield West Yorkshire United Kingdom WF5 9TQ
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

The Irongate Group Limited

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The Irongate Group Limited

Strategic Report For the Period Ended 29 December 2019

The directors present their Strategic Report of the Company for the year ended 29 December 2019. The prior period relates to the 9 month period ended 31 December 2018 and is therefore not wholly comparable.

Review of business and financial performance

The company's principal activities remain the distribution of office products and provision of business services. During this financial period, the company continued to trade in line with normal practice and principal activities.

Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation and pre-exceptional items) in 2019 amounted to £677,412 (2018: £422,102).

On 30 October 2020, the trade, assets and liabilities of the company were hived-up into Complete Business Solutions Group Limited, a fellow Group subsidiary undertaking.

Key Performance Indicators

	29 December 2019 £	31 December 2018 £
Turnover	14,177,489	11,624,164
Gross profit margin	25.9%	26.1%
Adjusted EBITDA (see below)	617,412	422,102
Profit after tax	882,425	476,127
Interest receivable	(498)	(2,091)
Tax	(17,025)	(114,256)
Depreciation	47,463	47,322
Amortisation	20,000	15,000
Exceptional items	(254,953)	-
Adjusted EBITDA	<u>677,412</u>	<u>422,102</u>

Strategy

Following the hive-up of the trade and assets of the Company into Complete Business Solutions Group Limited on 30 October 2020. At the time of signing these accounts, the directors have not made a decision on the future of the Company. The Company does however remain part of the wider CBS Group.

During 2019, the Group acquired a further four businesses, after which, the annualised run-rate turnover of the Group at 29 December 2019 stood at £150m. Following the acquisition of these four businesses, the Group completed the initial phase of its national branch footprint and is ideally positioned to service both large national companies and also local, regional customers effectively unlocking huge market potential.

Following a period of significant growth in 2018 and 2019, principally through acquisition, no acquisitions were made in 2020 or to date in 2021. In 2020 and 2021 to date, the Group has entered a period of consolidation, focussing on fully integrating and synergising the businesses acquired in 2018 and 2019, driving efficiencies into the Group's operations and realising £3m of cost savings to enhance profitability and cash generation.

The Irongate Group Limited

Strategic Report (continued) For the Period Ended 29 December 2019

Outlook and Future Developments

At the time of signing these accounts, the directors have not made a decision on the future of the Company. The outlook and future development of the CBS Group is noted in the financial statements of Complete Business Solutions Group Holdings Limited.

This report was approved by the board on 29/4/2021 and signed on its behalf.



D Roe
Director

The Irongate Group Limited

Directors' Report For the Period Ended 29 December 2019

The directors present their report and the audited financial statements for the period ended 29 December 2019.

Principal activity

The principal activity of the company in the year under review was that of office supplies, office interiors, print specialists and other product areas such as work wear and personal protective equipment.

Results and dividends

The profit for the period, after taxation, amounted to £882,425 (period ended 31 December 2018 - £476,127).

Interim dividends totalling £Nil per share (period ended 31 December 2018 - £14.93 per share) were paid during the year. The directors recommend that no final dividend will be paid.

The total distribution of dividends for the period ended 29 December 2019 is £Nil (period ended 31 December 2018 - £164,267).

Directors

The directors who served during the period were:

A J Noble (resigned 1 March 2020)
S L Wilson (resigned 1 March 2020)
R Coulson
D Roe

Financial instruments and risk management

The Company's financial assets and liabilities consist of trade debtors, trade creditors and cash balances.

The directors manage the Company's exposure to financial risk by researching the credit worthiness of customers and by seeking advice from the company's providers of finance and its other external financial advisers.

The Company does not trade in foreign currencies.

The Company does not trade speculatively in derivatives or similar instruments.

Matters covered in the strategic report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the directors consider them to be of strategic importance to the Company.

Disclosure of Information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Irongate Group Limited

Directors' Report (continued) For the Period Ended 29 December 2019

Going concern and post balance sheet events

The Company is part of a group headed by Complete Business Solutions Group Holdings Limited. The impact of Covid-19 is monitored at a group level. As such, in order to assess the going concern status of the company the Directors must assess the impact of Covid-19 on a group basis. This is further backed-up on the basis that all group companies form part of a cross guarantee on the banking facilities, and shareholder funds are managed within the ultimate parent company, being Complete Business Solutions Group Holdings Limited. The company has received a support letter from the ultimate parent company in which it demonstrates its intent to continue with the ongoing financial support of the Company. The below assessment of going concern is that of the group, on the basis of the reasoning explained above.

The Group headed by Complete Business Solutions Group Holdings Limited, is one of the UK's leading providers of business supplies and services to both large and small commercial businesses, delivering office related products such as office supplies, printed matter, office furniture and fit out, workwear and PPE.

As the UK lockdown forced many offices and the retail/leisure sectors to close, this significantly and immediately impacted revenues within the Group. Turnover immediately reduced from a run-rate of £12m per month to £4m in April 2020. The Group responded by furloughing the majority of its staff and reducing payments to trade creditors, deferred creditors and HMRC, while also receiving additional overdraft facilities in 2020 totalling £3.5m. No government loan support has been made available to the Group. As a result of the actions taken, the Group was able to trade profitably at an underlying EBITDA level throughout 2020.

Turnover has steadily improved throughout 2020, with turnover increasing to £9.5m in October 2020 (75% of pre-lockdown levels). The impact of the second lockdown in November has halted the recovery somewhat, however, not to the extent seen in the first lockdown, with sales orders in November totalling £8.9m (70% of pre-lockdown levels).

The Group is anticipating revenues returning to 90% of pre-lockdown levels over the next 12 months. In light of reduced turnover, Group headcount has been reduced by c.25% when compared to pre-lockdown levels. The Directors are confident that the steps that have been taken have adequately addressed the short-term profitability issues presented by the virus. As a result of the actions taken, the Directors anticipate that the Company will deliver an underlying EBITDA of c.£7m in 2021.

On 29 April 2021, the Group successfully completed the refinancing of its debt obligations. The short-term overdraft was converted into a loan, with the resetting of its banking covenants reflecting the current and anticipated trading environment arising from COVID 19/lockdown. Payments to Deferred Consideration Creditors have also been formally extended further protecting cashflow in 2021.

Furthermore, the Group has also agreed a formal time to pay arrangement with HMRC regarding the VAT/PAYE arrears built-up through 2020.

Based upon the above, the company has prepared cashflow forecasts based on expected revenue levels and performed sensitivity analysis on reduced levels of sales.

On the basis the Group has seen revenues recover to 75% of pre-lockdown levels in October, the Group remains confident that the Group's revenues will recover in 2021 and the actions taken to date will ensure the Group trades profitably in 2021. As such, the Directors believe it is appropriate to prepare the financial statements on a going concern basis and taking into account the expected cashflows of the Group, as well as the future mitigating factors and the ongoing financial support of the group, the Directors believe the Company remains a going concern and the financial statements have been drawn up on that basis.

The Irongate Group Limited

Directors' Report (continued) For the Period Ended 29 December 2019

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29/4/2021 and signed on its behalf.



D Roe
Director

The Irongate Group Limited

Directors' Responsibilities Statement For the Period Ended 29 December 2019

The directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Irongate Group Limited

Independent Auditor's Report to the Members of The Irongate Group Limited

Opinion

We have audited the financial statements of The Irongate Group Limited ("the Company") for the year ended 29 December 2019 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue..

The Irongate Group Limited

Independent Auditor's Report to the Members of The Irongate Group Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

The Irongate Group Limited

Independent Auditor's Report to the Members of The Irongate Group Limited (continued)

Responsibilities of directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom

29 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Irongate Group Limited

Statement of Comprehensive Income For the Period Ended 29 December 2019

	Note	Period ended 29 December 2019 £	Period ended 31 December 2018 £
Turnover	4	14,177,489	11,624,164
Cost of sales		(10,499,572)	(8,594,457)
Gross profit		3,677,917	3,029,707
Administrative expenses		(3,067,968)	(2,669,927)
Exceptional administrative expenses	20	254,953	-
Operating profit	5	864,902	359,780
Interest receivable and similar income	8	498	2,091
Profit before taxation		865,400	361,871
Tax credit on profit	9	17,025	114,256
Profit for the financial period/year		882,425	476,127

There was no other comprehensive income in the current period or the prior period.

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 13 to 30 form part of these financial statements.


Adjusted EBITDA for the period ending 29 December 2019 amounted to £677,412 (year ending 31 December 2018: £422,102).

The Irongate Group Limited
Registered number: 02566762

Statement of Financial Position
As at 29 December 2019

	Note	29 December 2019 £	31 December 2018 £
Fixed assets			
Intangible assets	12	16,667	36,667
Tangible assets	13	124,653	202,495
Investments	14	2,010,472	2,010,472
		<u>2,151,792</u>	<u>2,249,634</u>
Current assets			
Stocks	15	518,752	543,434
Debtors: amounts falling due after more than one year	16	73,901	72,714
Debtors: amounts falling due within one year	16	6,709,387	5,509,824
Bank and cash balances		114,262	349,306
		<u>7,416,302</u>	<u>6,475,278</u>
Creditors: amounts falling due within one year	17	(4,550,796)	(4,335,086)
Net current assets		<u>2,865,506</u>	<u>2,140,192</u>
Total assets less current liabilities		<u>5,017,298</u>	<u>4,389,826</u>
Provisions for liabilities			
Other provisions		(125,000)	-
		<u>(125,000)</u>	<u>-</u>
Net assets		<u><u>4,892,298</u></u>	<u><u>4,389,826</u></u>
Capital and reserves			
Called up share capital	21	11,000	11,000
Share premium	22	114,321	114,321
Other reserves	22	-	379,953
Retained earnings	22	4,766,977	3,884,552
		<u><u>4,892,298</u></u>	<u><u>4,389,826</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


D Roe
Director

The notes on pages 13 to 30 form part of these financial statements.

The Irongate Group Limited

Statement of Changes in Equity For the Period Ended 29 December 2019

	Called up share capital	Share premium	Other reserves	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2019	11,000	114,321	379,953	3,884,552	4,389,826
Comprehensive income for the period					
Profit for the financial year	-	-	-	882,425	882,425
Total comprehensive income for the period	-	-	-	882,425	882,425
Release of share option reserve (see note 22)	-	-	(379,953)	-	(379,953)
At 29 December 2019	11,000	114,321	-	4,766,977	4,892,298

Statement of Changes in Equity For the Period Ended 31 December 2018

	Called up share capital	Share premium	Other reserves	Retained earnings	Total equity
	£	£	£	£	£
At 1 April 2018	11,000	114,321	379,953	3,572,692	4,077,966
Comprehensive income for the period					
Profit for the financial period	-	-	-	476,127	476,127
Total comprehensive income for the period	-	-	-	476,127	476,127
Contributions by and distributions to owners					
Dividends	-	-	-	(164,267)	(164,267)
Total transactions with owners	-	-	-	(164,267)	(164,267)
At 31 December 2018	11,000	114,321	379,953	3,884,552	4,389,826

The notes on pages 13 to 30 form part of these financial statements.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

1. General Information

The Irongate Group Limited is a private company, limited by shares, registered in England and Wales under the Companies Act 2006. The company's registered number and registered office address can be found on the Company Information page. The nature of the Company's operations and its principal activities are outlined in the Strategic and Directors' Reports.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are prepared in GBP and rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Complete Business Solutions Group Holdings Limited (formerly Complete Business Solutions Investments Limited) as at 31 December 2019 and these financial statements may be obtained from Daughters Court, Silkwood Park, Wakefield, United Kingdom, WF5 9TQ.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

2. Accounting policies (continued)

2.4 Going concern

The Company is part of a group headed by Complete Business Solutions Group Holdings Limited. The impact of Covid-19 is monitored at a group level. As such, in order to assess the going concern status of the company the Directors must assess the impact of Covid-19 on a group basis. This is further backed-up on the basis that all group companies form part of a cross guarantee on the banking facilities, and shareholder funds are managed within the ultimate parent company, being Complete Business Solutions Group Holdings Limited. The company has received a support letter from the ultimate parent company in which it demonstrates its intent to continue with the ongoing financial support of the Company. The below assessment of going concern is that of the group, on the basis of the reasoning explained above.

The Group headed by Complete Business Solutions Group Holdings Limited, is one of the UK's leading providers of business supplies and services to both large and small commercial businesses, delivering office related products such as office supplies, printed matter, office furniture and fit out, workwear and PPE.

As the UK lockdown forced many offices and the retail/leisure sectors to close, this significantly and immediately impacted revenues within the Group. Turnover immediately reduced from a run-rate of £12m per month to £4m in April 2020. The Group responded by furloughing the majority of its staff and reducing payments to trade creditors, deferred creditors and HMRC, while also receiving additional overdraft facilities in 2020 totalling £3.5m. No government loan support has been made available to the Group. As a result of the actions taken, the Group was able to trade profitably at an underlying EBITDA level throughout 2020.

Turnover has steadily improved throughout 2020, with turnover increasing to £9.5m in October 2020 (75% of pre-lockdown levels). The impact of the second lockdown in November has halted the recovery somewhat, however, not to the extent seen in the first lockdown, with sales orders in November totalling £8.9m (70% of pre-lockdown levels).

The Group is anticipating revenues returning to 90% of pre-lockdown levels over the next 12 months. In light of reduced turnover, Group headcount has been reduced by c.25% when compared to prelockdown levels. The Directors are confident that the steps that have been taken have adequately addressed the short-term profitability issues presented by the virus. As a result of the actions taken, the Directors anticipate that the Company will deliver an underlying EBITDA of c.£7m in 2021.

On 29 April 2021, the Group successfully completed the refinancing of its debt obligations. The short-term overdraft was converted into a loan, with the resetting of its banking covenants reflecting the current and anticipated trading environment arising from COVID 19/lockdown. In addition, repayment of the Group's deferred consideration creditors has also been rescheduled, further protecting cashflow over the next 12 months.

Furthermore, the Group has also agreed a formal time to pay arrangement with HMRC regarding the VAT/PAYE arrears built-up through 2020.

Based upon the above, the company has prepared cashflow forecasts based on expected revenue levels and performed sensitivity analysis on reduced levels of sales.

On the basis the Group has seen revenues recover to 75% of pre-lockdown levels in October, the Group remains confident that the Group's revenues will recover in 2021 and the actions taken to date will ensure the Group trades profitably in 2021. As such, the Directors believe it is appropriate to prepare the financial statements on a going concern basis and taking into account the expected cashflows of the Group, as well as the future mitigating factors and the ongoing financial support of the group, the Directors believe the Company remains a going concern and the financial statements have been drawn up on that basis.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

2. Accounting policies (continued)

2.5 Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company recognises turnover when: (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably and (d) it is probable that future economic benefits will flow to the Company.

These conditions are considered to be met upon delivery of the goods to the customer.

2.6 Pension costs and other post-retirement benefits

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.7 Leasing commitments

Rentals paid under operating leases are charged to the Statement of Comprehensive Income as incurred.

2.8 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax arises from timing differences between taxable total profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is recognised only when it is more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences and losses can be deducted.

Provision is made at current rates for taxation deferred in respect of all material timing differences.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

2. Accounting policies (continued)

2.9 Share based payments

The Company issues equity-settled, share based options to certain directors which are measured at fair value and recognised as an expense in the Statement of Comprehensive Income with a corresponding increase in the other reserves. The costs of associated national insurance contributions are borne by the directors.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of these payments are measured at the dates of the grant and are recognised over the period during which the directors become unconditionally entitled to the award. At the statement of financial position date, the company revises its estimates of the number of options that are expected to vest and recognises the impact of the revision to original estimates, if any, in the Statement of Comprehensive Income, with a corresponding adjustment to the other reserves.

2.10 Goodwill

Goodwill arising on acquisition of a customer list is capitalised and amortised over a period of 5 years.

2.11 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on all fixed assets to write off the cost less the estimated residual value in annual instalments over their estimated useful lives as follows:-

Technical equipment	- 33% on cost
Equipment	- 20% on cost and 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost and 25% on reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Statement of Comprehensive Income.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

2. Accounting policies (continued)

2.12 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost represents the invoiced cost of materials on a first in first out basis.

Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal.

At each reporting date, stock is assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

2.13 Fixed asset investments

Fixed asset investments are valued at cost less provisions for permanent diminution in valuations.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.15 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amounts being estimated where such indicators exist. Where the carrying value exceeds the recoverable amounts, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purpose of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors are required to make judgement estimates and assumptions about the carrying amounts of the company's assets and liabilities. These are based on historical experience and other factors that are considered relevant and are reviewed on a regular basis and recognised in the period in which the estimate is revised. Actual results may differ from these estimates.

The following are the critical judgements and where relevant the key sources of estimation uncertainty:

- In preparing these financial statements the Directors have made a judgement around the ability of the Company to continue as a going concern in light of the ongoing Covid-19 pandemic. Details of these considerations can be seen in Note 2.
- Tangible fixed assets are depreciated over their useful economic lives taking into account their residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.
- The recoverability of debtors is assessed on the likelihood and circumstances of the particular cost. The fair value of tangible and intangible assets acquired on acquisition of subsidiary undertakings involves the valuation and estimation of future cash flows to be generated over a number of years. The company also considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified, an estimation of the recoverable value of the cash generating units is required.
- The value of stock is assessed for impairment. In re-assessing the stock value, factors such as slow movement and obsolescence are taken in to account.

4. Turnover

The whole of the turnover in the current period and prior period is attributable to the Company's principal activity and arose within the United Kingdom.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

5. Operating profit

The operating profit is stated after charging/(crediting):

	Period ended 29 December 2019 £	Period ended 31 December 2018 £
Depreciation of tangible fixed assets	47,463	47,322
Profit on disposal of fixed assets	(560)	(1,995)
Goodwill amortisation	20,000	15,000
Operating lease payments	268,000	259,645

Audit remuneration is borne by a fellow group company. An estimate of fees for the audit of the Company is £20,000 (period ended 31 December 2018 - £16,000).

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Period ended 29 December 2019 £	Period ended 31 December 2018 £
Wages and salaries	1,797,918	1,635,845
Social security costs	168,419	172,060
Other pension costs	36,696	26,879
	<u>2,003,033</u>	<u>1,834,784</u>

The average monthly number of employees, including the directors, during the period was as follows:

	Period ended 29 December 2019 No.	Period ended 31 December 2018 No.
Employees	<u>64</u>	<u>69</u>

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

7. Directors' remuneration

	Period ended 29 December 2019 £	Period ended 31 December 2018 £
Directors' remuneration	55,082	152,553
Directors' pension contributions to money purchase schemes	-	5,562
	<u>55,082</u>	<u>158,115</u>

During the period retirement benefits were accruing to 0 directors (2018 - 2) in respect of defined contribution pension schemes.

8. Interest receivable

	Period ended 29 December 2019 £	Period ended 31 December 2018 £
Bank interest receivable	<u>498</u>	<u>2,091</u>

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

9. Taxation

	Period ended 29 December 2019 £	Period ended 31 December 2018 £
Corporation tax		
Current tax on profits for the period	-	-
Adjustments in respect of previous periods	1,237	(93,237)
Total current tax	1,237	(93,237)
Origination and reversal of timing differences	79,240	(19,272)
Changes to tax rates	-	(1,747)
Adjustments in respect of previous periods	(97,502)	-
Total deferred tax	(18,262)	(21,019)
Taxation credit on profit	(17,025)	(114,256)

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

9. Taxation (continued)

Factors affecting tax credit for the period

The tax assessed for the period is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (period ended 31 December 2018 - 19%). The differences are explained below:

	Period ended 29 December 2019 £	Period ended 31 December 2018 £
Profit before tax	865,400	361,871
Profit multiplied by standard rate of corporation tax in the UK of 19% (period ended 31 December 2018 - 19%)	164,426	68,755
Effects of:		
Expenses not deductible for tax purposes	(72,116)	1,924
Capital allowances for period in excess of depreciation	3,800	2,850
Adjustments to tax charge in respect of prior periods	1,237	(93,237)
Adjustments to deferred tax charge in respect of prior periods	(97,502)	-
Losses carried back	-	91,930
Adjust closing deferred tax to average rate of 19%	2,668	-
Adjust opening deferred tax to average rate of 19%	(11,990)	-
Other permanent differences leading to a decrease in the tax charge	-	(208,988)
Group relief	(7,548)	22,510
Total tax credit for the period	(17,025)	(114,256)

Factors that may affect future tax charges

Reductions in UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax provision as 29 December 2019 has been calculated based on the rates substantively enacted at the date of the Statement of Financial Position.

The budget resolution has announced a rise of the UK Corporation tax rate to 25% from 1 April 2022. This has not been substantively enacted at the signing date and as such has not impacted upon the calculation of deferred tax as at 29 December 2019. The utilisation of the new corporation tax rate proposed in the recent budget will be considered in future periods.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

10. Dividends

	29 December 2019 £	31 December 2018 £
Dividend at £Nil per share (period ended 31 December 2018 - Interim dividend at £14.93 per share)	-	164,267

11. Exceptional items

	Period ended 29 December 2019 £	Period ended 31 December 2018 £
Property provision (see note 20)	125,000	-
Release of share option reserve (see note 22)	(379,953)	-
	<u>(254,953)</u>	<u>-</u>

12. Intangible assets

	Goodwill £
Cost	
At 1 January 2019	100,000
At 29 December 2019	<u>100,000</u>
Amortisation	
At 1 January 2019	63,333
Charge for the period	20,000
At 29 December 2019	<u>83,333</u>
Net book value	
At 29 December 2019	<u>16,667</u>
At 31 December 2018	<u>36,667</u>

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

13. Tangible fixed assets

	Fixtures and fittings £	Motor Vehicles £	Computer equipment £	Total £
Cost				
At 1 January 2019	399,411	244,210	249,820	893,441
Additions	2,276	-	1,969	4,245
Disposals	-	(75,448)	-	(75,448)
At 29 December 2019	<u>401,687</u>	<u>168,762</u>	<u>251,789</u>	<u>822,238</u>
Depreciation				
At 1 January 2019	305,082	161,107	224,757	690,946
Charge for the period	23,958	16,343	7,162	47,463
Disposals	-	(40,824)	-	(40,824)
At 29 December 2019	<u>329,040</u>	<u>136,626</u>	<u>231,919</u>	<u>697,585</u>
Net book value				
At 29 December 2019	<u>72,647</u>	<u>32,136</u>	<u>19,870</u>	<u>124,653</u>
At 31 December 2018	<u>94,329</u>	<u>83,103</u>	<u>25,063</u>	<u>202,495</u>

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

14. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2019	2,010,472
At 29 December 2019	<u>2,010,472</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Derby Stationery Store Limited	Dormant	Ordinary	100%
Irongate Retail Limited	Dormant	Ordinary	100%
Ram Print Limited	Digital printing and copying services	Ordinary	100%

The registered office address of all subsidiary undertakings is Daughters Court, Silkwood Park, Wakefield, West Yorkshire, United Kingdom, WF5 9TQ.

15. Stocks

	29 December 2019 £	31 December 2018 £
Goods for resale	<u>518,752</u>	<u>543,434</u>

An impairment loss of £Nil (2018 - £Nil) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

There is no material difference between the replacement cost of stocks and the amounts stated above.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

16. Debtors

	29 December 2019 £	31 December 2018 £
Due after more than one year		
Short term timing differences	73,901	72,714
	<u>73,901</u>	<u>72,714</u>
Due within one year		
Trade debtors	2,333,222	2,779,039
Amounts owed by group undertakings	4,143,676	2,519,347
Other debtors	39,104	-
Prepayments	80,199	113,882
Corporation tax	90,508	93,140
Deferred tax (see note 19)	22,678	4,416
	<u>6,709,387</u>	<u>5,509,824</u>

Amounts owed by group undertakings are interest free and repayable on demand.

17. Creditors: Amounts falling due within one year

	29 December 2019 £	31 December 2018 £
Invoice financing facility	2,091,222	1,989,560
Trade creditors	1,656,452	1,895,668
Amounts owed to group undertakings	564,762	198,952
Social security and other taxes	152,300	190,153
Other creditors	34,745	-
Accrued expenses	51,315	60,753
	<u>4,550,796</u>	<u>4,335,086</u>

Amounts owed to group undertakings are interest free and repayable on demand.

The sales ledger financing is secured by a charge dated 16 November 2018 with HSBC Bank plc also over all of the assets of the entity.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

18. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	29 December 2019 £	31 December 2018 £
Within one year	264,478	268,230
Between one and five years	281,783	809,579
	<u>546,261</u>	<u>1,077,809</u>

19. Deferred taxation

	2019 £
At beginning of year	4,416
Credited to profit or loss	18,262
At end of period	<u>22,678</u>

The deferred tax asset is made up as follows:

	29 December 2019 £	31 December 2018 £
Fixed asset timing differences	(4,480)	(8,188)
Short term timing differences	27,158	783
Losses and other deductions	-	11,821
	<u>22,678</u>	<u>4,416</u>

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

20. Provisions

	Property provision £
Charged to profit or loss	125,000
At 29 December 2019	<u>125,000</u>

The provision is in relation to the directors best estimate for liabilities falling due to the business in the future.

21. Share capital

	29 December 2019 £	31 December 2018 £
Allotted, called up and fully paid		
11,000 (2018 - 11,000) Ordinary shares of £1 each	<u>11,000</u>	<u>11,000</u>

The shares have attached to them full voting, dividend and capital distribution rights.

22. Reserves

The Company's reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Retained earnings

The retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

Share premium

Amount subscribed for share capital in excess of nominal value.

Other reserves

The other reserves is in relation to the share based payment reserve. All share options have been exercised when Complete Business Solutions Group took over the company. In turn, the share option reserve is no longer required, so has been released through the Statement of Comprehensive Income to reflect this.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £36,696 (period ended 31 December 2018 - 26,879). Contributions totalling £34,745 (2018 - £Nil) were payable to the fund at the reporting date and are included in creditors.

24. Related party transactions

The company is a wholly owned subsidiary of Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited) and has taken advantage of the available exemption conferred by section 33.1A of FRS 102 not to disclose transactions with group members due to consolidated accounts being publicly available.

During the year interim dividends of £Nil (period ended 31 December 2018 - £164,267) were paid to the directors who were also shareholders.

The Company was charged rent by a pension scheme (in which two of the directors were beneficiaries) of £Nil (period ended 31 December 2018 - £135,001).

During the period trade was completed with Pentrich Brewery Co Ltd, a customer. A Noble's son is a director of Pentrich Brewery Co Ltd. During the year purchases of £300 (period ended 31 December 2018 - £Nil) were paid. At the year end £Nil was outstanding.

25. Post balance sheet events

The COVID-19 pandemic, as referred to in the going concern section of this report, is considered a non-adjusting post statement of financial position event, and therefore no impact on the carrying value of assets at the statement of financial position date is noted. Consideration of the impact of this on the going concern status of the business is included above in the directors report and in the going concern accounting policy. As discussed in the directors report, the implications of the COVID-19 pandemic have been considered with regard to their impact on the business in the future.

Brexit

On 1 January 2021, the United Kingdom withdrew from the European Union ("Brexit"). Complete Business Solutions sources and sells the vast majority of its products within the United Kingdom, and therefore any direct impact of Brexit on the Group is limited. The Group works closely with its suppliers to ensure continuity of supply with no major issues being noted thus far. The only products that Complete Business Solutions imports directly are private label lines from outside the EU, so any disruption is anticipated to be limited. It is not yet possible to ascertain the impact of Brexit on the wider economy due to COVID-19 and the various lockdown measures that have been put in place.

Refinancing

On 29 April 2021, the Group successfully completed the refinancing of various debt obligations. The Group's short term overdraft has been converted into a loan, coupled with the resetting of bank covenants reflecting current trading conditions. The Group has also rescheduled debt repayment obligations to Deferred Consideration Creditors and has agreed a two year time to pay arrangement with HMRC regarding VAT/PAYE arrears built up through 2020, both of which further protect cashflow in 2021.

The Irongate Group Limited

Notes to the Financial Statements For the Period Ended 29 December 2019

26. Controlling party

The Company's immediate parent company is Complete Business Solutions Investments Limited (formerly Complete Business Solutions Group Holdings Limited), a Company incorporated in England and Wales registered at Daughters Court, Silkwood Park, Wakefield, England, WF5 9TQ.

The Company's ultimate controlling parent is Complete Business Solutions Group Holdings Limited (formerly Complete Business Solutions Group Investments Limited) registered at Daughters Court, Silkwood Park, Wakefield, England, WF5 9TQ.

As at 29 December 2019, the largest and smallest group in which the results are consolidated is that headed by Complete Business Solutions Group Holdings Limited (formerly Complete Business Solutions Group Investments Limited), a Company incorporated in England and Wales. The consolidated accounts of the Company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. No other group accounts include the results of the Company.